



United States  
Department of  
Agriculture

Farmers  
Home  
Administration

Washington  
D.C.  
20250

January 9, 1981

■  
SUBJECT: Fiscal Year 1981 Allocation

TO: All State Directors, FmHA

The Appropriation Act for fiscal year 1981 has been approved. Your programs will be monitored to determine that full consideration is given to the equal opportunity objectives of this Agency. FmHA targeting policies are to support local development efforts and provide to the residents of small towns and rural areas an equitable share of public and private resources.

The allocation formulas have been designed to target funds to States in relation to rural population, households in poverty, per capita income, etc. Every effort should be made to target funds to distressed communities and rural areas which have significant populations of poor and disadvantaged persons in accordance with regulations and this AN.

Funds are allocated to States in accordance with the following attachments.

- Attachment A - Community Programs
- Attachment B - Business and Industrial Loan Program
- Attachment C - Single Family Housing Programs
- Attachment D - Multiple Family Housing Programs
- Attachment E - Farmer Programs
- Attachment F - Biomass Energy

  
GORDON CAVANAUGH  
Administrator

EXPIRATION DATE: September 30, 1981

FILING INSTRUCTIONS:  
Preceding FmHA  
Instruction 1941A



Farmers Home Administration is an Equal Opportunity Lender.  
Complaints of discrimination should be sent to:  
Secretary of Agriculture, Washington, D.C. 20250

### COMMUNITY PROGRAMS

The Community Programs allocation formula has been designed to target funds to States in relation to rural population and households in poverty.

State Directors will make every effort to target funds to those communities with the greatest financial need having a large portion of their population with low incomes. Due consideration will be given to State development strategies and plans of substate planning districts in selecting projects for funding.

Attachment A-1 shows allocations of loan and grant authority for fiscal year 1981 for community programs. In order that funds may be obligated as they become available, you should plan to have obligating documents for all projects in the Finance Office as soon as orderly work schedules will permit. You may submit obligating documents for community facility and water and waste disposal projects in excess of your allocation. However, requests above your allocation will be honored only if they can be absorbed within the total amount of funds available later in the fiscal year. In accordance with our targeting objectives, requests for obligations in excess of your allocation should contain the items in paragraph IV of Attachment A of this AN and be submitted to the National Office

If the allocation shown on Attachment A-1 exceeds the demand in your State, please advise the National Office immediately so that any funds not needed can be transferred to another State with an immediate need. The formula for distribution of funds has not changed for fiscal year 1981. The National Office reserve for all funds is approximately 10 percent for both loan and grant funds. In addition, the National Office has retained control of \$25 million in CF loan funds for Community Health Center (CHC) projects approved under the Memorandum of Understanding between HHS and USDA. These CHC funds will be allocated on a case by case basis upon request by the State Director. For additional information on the method of allocation see Attachment A-2.

1981 BUDGET

The budget for fiscal year 1981 is based on the following levels of authority:

Water and Waste Disposal Loans - \$750 million  
Community Facility Loans - \$260 million  
Water and Waste Disposal Development Grants - \$200 million  
Industrial Development Grants - \$5 million  
Watershed Loans - \$25.6 million  
Flood Prevention Loans - \$.4 million  
Resource Conservation and Development Loans - \$4 million

I. Water and Waste Disposal Loans and Development Grants, Community Facility Loans and Industrial Development Grants.

The allocations are shown in Attachment A-1.

II. WATERSHED PROTECTION LOANS (PL 566). RESOURCE CONSERVATION AND DEVELOPMENT LOANS. State allocations will not be made. Obligating documents may be submitted to the Finance Office when the loan is approved. RC&D funds will be used in preference to association funds in designated RC&D areas for loan purposes included in FmHA Instruction 1942-I.

III. FLOOD PREVENTION LOANS (PL 534). States that are authorized to process PL 534, Flood Prevention Loans, may submit obligating documents to the Finance Office when the loan is approved.

IV. REQUESTS FOR NATIONAL OFFICE CONTROLLED FUNDS. Water and Waste Disposal Loan and Grant, Community Facility Loan, and Industrial Development Grant Funds under control of the National Office will be allocated to the States for projects which best meet the agency's priorities. Requests for these funds may be made by forwarding a completed copy of Attachment A to FmHA AN No. 455 (1940) dated October 14, 1980, to the National Office. Generally, a request for additional funds will not be honored unless the State has insufficient funds to obligate the loan and/or grant requested and the docket is developed to the point that the letter of conditions has been or can be issued and the loan and/or grant can be approved upon notification that funds are available. Loan funds from the set aside for health centers under the USDA/HHS Memorandum of Understanding may be requested by telephone after approval of the project by the National Office of HHS.

V. POOLING OF UNOBLIGATED FUNDS

Tentative Plans for pooling are as follows:

1. On March 31, 1981, all funds from the first half of your fiscal year 1981 allocation that are not obligated will be pooled. You should plan to have obligating documents in the Finance Office for at least one-half (you may send more) of your fiscal year 1981 allocation by March 31, 1981.

You will not lose fiscal year 1981 funds provided you have obligating documents in the Finance Office for at least one-half of your annual allocation by the end of the second quarter. Pooled funds will revert to National Office control.

2. On August 7, 1981, all funds remaining unobligated on that date will be pooled. Pooled funds will revert to National Office control.

Allocations for the programs to which Attachment A pertains are on an annual basis; however, FmHA receives its apportionment of loan and grant funds quarterly for community programs. Therefore, funds will continue to be allotted to the Finance Office on a quarterly basis to continue total obligations. Obligations will be made in the order of requests. If States collectively request obligations greater than the amount apportioned for that quarter of the National allocations, there may not be sufficient funds to honor all obligating documents submitted in a particular quarter. In such cases, funds will be obligated when available, ordinarily soon after the start of the next quarter.

COMMUNITY PROGRAMS  
Allocations for Fiscal 1981  
(in thousands)

STATE	Water and Waste Disposal		Community Facility Loans	Industrial Development Grants
	Loans	Grants		
ALABAMA	22,600	6,015	7,020	130
ALASKA	1,110	310	360	25
ARIZONA	3,940	1,060	1,235	45
ARKANSAS	17,230	4,590	5,355	100
CALIFORNIA	22,200	5,905	6,895	110
COLORADO	5,700	1,530	1,780	50
DELAWARE	1,555	425	495	25
MARYLAND	7,805	2,085	2,435	55
FLORIDA	20,895	5,560	6,490	100
GEORGIA	24,720	6,575	7,675	145
HAWAII	935	265	305	30
GUAM	815	230	265	25
PAC. TRUST TERR.	2,340	635	740	30
AM. SAMOA	480	140	165	25
IDAHO	3,735	1,005	1,170	45
ILLINOIS	21,205	5,645	6,590	120
INDIANA	16,875	4,495	5,245	110
IOWA	14,335	3,820	4,460	95
KANSAS	9,535	2,545	2,970	75
KENTUCKY	23,525	6,260	7,305	135
LOUISIANA	20,420	5,435	6,345	120
MAINE	5,695	1,525	1,780	96
MASSACHUSETTS	6,760	1,810	2,110	55
CONNECTICUT	4,440	1,195	1,390	45
RHODE ISLAND	955	270	310	25
MICHIGAN	20,875	5,555	6,485	115
MINNESOTA	14,250	3,800	4,430	100
MISSISSIPPI	21,475	5,715	6,670	130
MISSOURI	20,740	5,520	6,445	110
MONTANA	3,660	985	1,150	45
NEBRASKA	7,215	1,930	2,250	60
NEW JERSEY	6,295	1,685	1,965	45
NEW MEXICO	4,310	1,160	1,350	55
NEW YORK	23,235	6,185	7,215	120
VIRGIN ISLANDS	760	215	250	25

NORTH CAROLINA	32,885	8,745	10,210	190
NORTH DAKOTA	3,545	955	1,115	45
OHIO	23,135	6,155	7,185	187
OKLAHOMA	14,295	3,810	4,445	85
OREGON	7,465	1,995	2,330	60
PENNSYLVANIA	32,315	8,590	10,025	175
PUERTO RICO	24,925	6,630	7,740	155
SOUTH CAROLINA	18,210	4,850	5,660	250
SOUTH DAKOTA	4,570	1,225	1,430	50
TENNESSEE	23,620	6,285	7,335	140
TEXAS	39,040	10,380	12,110	190
UTAH	2,210	600	700	35
NEVADA	890	250	290	25
VERMONT	2,970	805	935	40
NEW HAMPSHIRE	2,960	800	930	40
VIRGINIA	19,435	5,175	6,040	125
WASHINGTON	8,975	2,395	2,795	60
WEST VIRGINIA	14,340	3,820	4,460	95
WISCONSIN	14,960	3,985	4,650	110
WYOMING	1,615	445	515	35
SUBTOTAL	674,980	179,975	210,000	4,713
RESERVE	75,020	20,025	25,000	287
HHS SET ASIDE			25,000	
GRAND TOTAL	750,000	200,000	260,000	5,000

#### EXPLANATION OF ALLOCATION

Loan funds for community facilities and water and waste disposal facilities, funds for water and waste disposal development grants and industrial development grants have been allocated among the 50 States, Puerto Rico, Guam, American Samoa, Trust Territories of the Pacific and the Virgin Islands.

1. The Administrator has withheld in reserve a portion of the funds appropriated or authorized to allow for subsequent allocations or adjustments, emergencies and otherwise as he may deem appropriate.

2. For each appropriation or authorization, \$20,000 has been allocated to each State as a base.

3. The National Office has retained control of \$25 million in CF loan funds for projects approved under the Memorandum of Understanding between HHS and USDA.

4. The remainder has been allocated by formula.

a. The formula for allocating industrial development grants considers (1) each State's portion of the Nation's nonmetropolitan population outside cities of 25,000 or more, plus half of the population of cities more than 25,000 located outside metropolitan areas, and (2) the rural per capita income of the State as compared to the rural per capita income of the Nation. The two elements, rural population and per capita income, are weighted two to one respectively.

b. Grants for water and waste disposal and loans for water and waste disposal and community facilities have been allocated in accordance with a formula which considers each State's proportion of the U.S. population in open country and towns of less than 10,000 outside urban areas and the number of households in poverty in rural areas and cities located outside urban areas with populations of 2,500 to 10,000 persons. The two elements, rural population and households in poverty, were weighted one to two respectively.

FACTORS USED IN ALLOCATING FUNDS - COMMUNITY PROGRAMS

State	Water and Waste Disposal Loans & Grants and Community	Industrial Development
	Facility Loans	Grants
Alabama	.03351	.0325
Alaska	.00162	.0019
Arizona	.00582	.0072
Arkansas	.02554	.0239
California	.03291	.0271
Colorado	.00843	.0083
Delaware	.00228	.0020
Maryland	.01155	.0095
Florida	.03098	.0236
Georgia	.03665	.0375
Hawaii	.00136	.0027
Guam	.00118	.0017
Pacific Trust Terr.	.00344	.0036
American Samoa	.00068	.0009
Idaho	.00551	.0075
Illinois	.03144	.0294
Indiana	.02501	.0257
Iowa	.02124	.0226
Kansas	.01412	.0166
Kentucky	.03488	.0345
Louisiana	.03027	.0295
Maine	.00842	.0104
Massachusetts	.01000	.0098
Connecticut	.00656	.0067
Rhode Island	.00139	.0012
Michigan	.03095	.0283
Minnesota	.02112	.0242
Mississippi	.03184	.0334
Missouri	.03075	.0272
Montana	.00540	.0069
Nebraska	.01068	.0122
New Jersey	.00931	.0077
New Mexico	.00637	.0095
New York	.03445	.0300
Virgin Islands	.00110	.0009
North Carolina	.04877	.0506
North Dakota	.00523	.0074
Ohio	.03430	.0366
Oklahoma	.02118	.0192
Oregon	.01105	.0113
Pennsylvania	.04792	.0456
Puerto Rico	.03696	.0396



FACTORS USED IN ALLOCATING FUNDS - COMMUNITY PROGRAMS

State	Water and Waste Disposal	Industrial
	Loans & Grants and Community Facility Loans	Development Grants
South Carolina	.02699	.0288
South Dakota	.00675	.0084
Tennessee	.03502	.0348
Texas	.05790	.0499
Utah	.00325	.0043
Nevada	.00129	.0012
Vermont	.00438	.0055
New Hampshire	.00436	.0051
Virginia	.02881	.0305
Washington	.01329	.0123
West Virginia	.02125	.0220
Wisconsin	.02217	.0265
Wyoming	.00237	.0038
Totals	1.00000	1.0000

Section 111 Area Development Assistance Planning Grants.

\$5 million has been appropriated for Section 111 in FY 81. The Rural Development Policy Act of 1980 recently was passed which expands the authorities under the Section 111 program and increases the funding authorization to \$15 million. However, new regulations will not be published until the transition of the new administration is completed.

Initially, approval of grants will be made in the National Office but the proposed decentralization is expected to take place during the second quarter of FY 81.

BUSINESS AND INDUSTRIAL LOAN PROGRAM

The 1981 Fiscal Year Budget for Business and Industrial Loan Program is \$741 million, which has been allocated as shown on pages 1 and 2 of Attachment B-1. Loans for Guam, American Samoa and Trust Territories of the Pacific will be allocated as needed from the National Office reserve.

There is no authorization this fiscal year for insured loans.

At the beginning of the 1981 Fiscal Year, we had an unusual situation develop where a number of requests were pending to obligate B&I and Energy-guaranteed loans. Since we were operating under a continuous resolution, this required us to utilize the National Office Reserve for funding these projects. Adjustments to the regular allocations were made in order to fund the projects during the first quarter rather than hold-up obligations until the next quarterly allotment. Additional adjustments to the allocations were made after taking into consideration factors such as the State's original allocations, distributions from the reserve and funding for energy projects.

Funding has been allocated in the following manner:

1. The Administrator, FmHA, \$267,666,700 guaranteed authority held in reserve to allow for subsequent allocations, emergencies, funding of backlog of Energy loan applications, and for other uses as the Administrator may deem appropriate.

2. For each appropriation or authorization, \$20,000 has been allocated to each State as a base.

3. The remainder has been allocated by formula:

- a. Population (weight 66.7%): Each State's population of the Nation's nonmetropolitan population outside urbanized areas, plus half of the population of cities more than 25,000 located outside metropolitan areas. (Data source: 1970 Census of Population -- General Population and Characteristic Report)

- b. Rural Income (weight 33.3%): Each State's population of rural per capita income which is below the National rural per capita income. (Data source: 1970 Census of Population -- General Social and Economic Characteristics Table 68 and 105; 1970 Census of Population -- General Population and Characteristic Report Table 20)

4. The factors are applied to the remaining fund and the result is then rounded to the nearest \$5,000. Since this year's appropriation is considerably less than last year's, the State Director should make every effort to leverage the allocations by offering lower percentages of guarantee to the lender. In addition, it is expected that every effort will be made to meet established target goals for fiscal year 1981. Additional guidance will be provided to other memorandums on goals and policies for funding B&I projects.

Our tentative plans for pooling are: On March 31, 1981, all funds from the first half of your Fiscal Year 1981 allocations that are not obligated will be pooled. You should plan to have obligating documents in the Finance Office for at least one-half (you may send more) of your fiscal year 1981 allocation by March 31, 1981. Pooled funds will revert to National Office control.

You should keep in mind that the allocations are on an annual basis; however, we have apportioned the guarantee authority for the first quarter at \$320 million; the second quarter at \$141 million; the third quarter at \$140 million, and the fourth quarter at \$140 million. If States collectively obligate more than the quarterly allotment, it follows that there may not be sufficient guarantee authority to honor all obligating documents in that quarter. In this instance, the Finance Office holds the obligating documents until the start of the next quarter.

On August 7, 1981, all funds remaining unobligated on that date will be pooled. Pooled funds will revert to National Office control.

BUSINESS AND INDUSTRIAL LOAN ALLOCATIONS  
FOR FISCAL YEAR 1981

<u>STATE</u>	<u>INITIAL ALLOCATIONS</u>	<u>FINAL ADJUSTED NET ALLOCATIONS</u>
Alabama	\$ 16,794,000	\$ 15,939,000
Alaska	991,000	991,000
Arizona	3,749,000	3,749,000
Arkansas	12,326,000	10,326,000
California	14,020,000	12,020,000
Colorado	4,314,000	4,314,000
Delaware	1,027,000	1,027,000
Maryland	4,879,000	4,879,000
Florida	12,326,000	12,326,000
Georgia	19,310,000	16,410,000
Hawaii	1,387,000	1,387,000
Guam		
American Samoa		
Commonwealth of the Northern Mariana Islands		
Trust Territories of the Pacific Islands		
Idaho	3,852,000	3,852,000
Illinois	15,099,000	15,099,000
Indiana	13,353,000	13,353,000
Iowa	11,812,000	11,812,000
Kansas	8,731,000	8,731,000
Kentucky	17,975,000	15,975,000
Louisiana	15,202,000	13,640,500
Maine	5,649,000	5,649,000
Massachusetts	5,084,000	5,084,000
Connecticut	3,441,000	3,441,000
Rhode Island	616,000	616,000
Michigan	14,380,000	14,380,000
Minnesota	12,326,000	12,326,000
Mississippi	17,461,000	15,301,000
Missouri	13,866,000	13,866,000
Montana	3,595,000	3,595,000
Nebraska	6,163,000	6,163,000
New Jersey	3,955,000	3,955,000
New Mexico	4,879,000	4,879,000
New York	15,407,000	13,607,000
Virgin Islands	462,000	462,000
North Carolina	26,192,000	21,304,600
North Dakota	3,800,000	3,800,000
Ohio	19,002,000	13,297,500
Oklahoma	9,758,000	9,758,000

<u>STATE</u>	<u>INITIAL ALLOCATIONS</u>	<u>FINAL ADJUSTED NET ALLOCATIONS</u>
Oregon	\$ 5,649,000	\$ 5,649,000
Pennsylvania	23,624,000	19,624,000
Puerto Rico	20,491,000	20,491,000
South Carolina	14,893,000	11,518,000
South Dakota	4,314,000	4,314,000
Tennessee	19,975,000	16,975,000
Texas	25,678,000	22,678,000
Utah	2,208,000	2,208,000
Nevada	616,000	616,000
Vermont	2,825,000	2,154,500
New Hampshire	2,671,000	2,671,000
Virginia	15,921,000	15,921,000
Washington	6,163,000	6,163,000
West Virginia	11,298,000	11,298,000
Wisconsin	13,661,000	11,786,200
Wyoming	1,952,000	1,952,000
National Reserve	225,878,000	267,666,700
<u>Totals</u>	<u>\$741,000,000</u> =====	<u>\$741,000,000</u> =====

Single Family Housing Programs-FY 1981

Rural housing loan and grant making will be continued for fiscal year 1981 in strict compliance with applicable procedures and the following:

I. General

A. The interest rate for all rural housing loan programs for FY 1981 will be as shown in Exhibit B of FmHA Instruction 440.1.

B. State Directors are to carry out balanced loanmaking and servicing programs. In some States more emphasis must be placed on loanservicing of single family housing accounts.

C. Dockets should not be processed for any program unless funds will likely be available for the loan or grant. The National Office will maintain little reserve, therefore, requests for additional funds will be considered only on an extreme hardship basis. To assure that funds are utilized, all funds available but not obligated will be pooled as of COB August 7, 1981. Dockets received by the Finance Office after COB August 7, 1981, may be considered for funding from pooled funds. One-half of unobligated 504 loan funds will be pooled on April 3, 1981.

D. The cumulative amounts to be submitted in each category for obligation for all single family programs will not exceed 25 percent the first quarter, 50 percent the second quarter, 75 percent the third quarter and 100 percent the fourth quarter, of the State's annual allocation. State Directors will take actions as necessary to insure these allocations are not exceeded.

E. To the extent practicable, 30 percent of RH funds must be used to benefit families of very low income.

II. Section 502 Insured RH Loans

A. To facilitate targeting and to plan the use of funds to the extent possible to help those most in need, State Directors will allocate Section 502 funds to County Office areas on a need basis. However, prior to the date RH funds were allocated within the States on a need basis, FmHA, in some areas, had approved conditional commitments and/or subdivisions with large numbers of lots that likely would have been financed with Section 502 RH funds. Many developers, because of a shortage of funds and high interest rates through other sources, are unable to build or sell the property and are experiencing financial difficulty because of the large investment required to buy and develop the property to FmHA standards. In those areas where the approved subdivisions were developed because of FmHA encouragement, a 4-year transition adjustment will be followed in order to make an orderly de-emphasis of the housing program from the areas with less need. Three-years now remain in this transition period. In all other areas, priority will be given to providing assistance to serve areas having the greatest housing need and to reach lower-income applicants.

B. Conditional commitments must be honored within the funds available for each State and will not be issued unless the county office can reasonably expect to approve and fund loans for those conditional commitments within 3 months after the dwellings are completed. New commitments must be restricted in areas that will receive a low allocation level.

C. Action should be taken to ensure that funds will be available for loans for hardship cases and to those participating in self-help projects to prevent delays in the construction of homes. Priority processing will be provided for self-help housing applications.

D. State Directors may not switch funds between subsidized and nonsubsidized categories. Also, State Directors serving more than one State may not shift allocations between States within their jurisdiction.

E. Weatherization loans made by public utilities will be obligated from the National Office reserve established for this purpose and not from the State's allocation.



III. Section 502 Guaranteed Above Moderate RH Loans

A 1981 appropriation of \$25 Million is available for guaranteed above moderate loans. All applicants who appear to be eligible for a guaranteed loan should be referred to lenders willing to participate in the program. Because of the limited funds available, every effort will be made to continue with lenders active in the program. Loan guarantees may be made in accordance with FmHA Instruction 1980-D, but funds will not be allocated to the States at this time. You will be notified if the dockets submitted for obligation exceed the amount available for each quarter.

IV. Section 504 RH Loans and Grants

Overall use of Section 504 loan and grant funds increased significantly last fiscal year. However, some States are still not showing enough activity in this program area. FmHA offices should especially strive to cooperate with organizations operating federally financed rehabilitation projects.

Allocation of RH Program Funds- FY 1981

The following criteria identifies essential elements that are considered necessary to allocate rural housing funds to various States on the basis of housing needs.

Factor A: State's percentage of national rural population

Factor B: State's percentage of national rural population living in dwellings which lack complete plumbing and/or are crowded (substandard)

Factor C: State's percentage of national rural population below poverty level.

Factor D: Cost indicator (average cost of new dwelling and site, factored by population)

Factor E: State's percentage of national rural population 62 years of age and over

Basic Formula Allocation      Section 502 rural housing loans.

$(A \times .30 + B \times .30 + C \times .30 + D \times .10) \times \text{funds available} =$   
State allocation.

Section 504 loans:

$(B \times .50 + C \times .50) \times \text{funds available} = \text{State allocation.}$

Section 504 grants:

$(B \times .33 + C \times .33 + E \times .33) \times \text{funds available} = \text{State allocation.}$

Transition adjustment is necessary for the 502 insured loan program to temper large differences between previous program levels and basic formula allocation. This is the last year of a 4-year transition period to allow States to adjust programs. The transition is complete for 504 funds.

The first quarter allocation is 25 percent of last year's allocation for 502 and 504 loans and 20 percent for 504 grants. The allocation for the remainder of the year is based on the same formula as last year. The formula is presently being reviewed for possible revision.

FmHA AN NO. 488 (1940)

Attachment C-1

Page 2

Funds available for the second third, and fourth quarters of the year are adjusted in accordance with AN 444 (1951) dated August 28, 1980, by an amount equal to the sum of the percentage each state is above the National average in both total and over three months delinquencies.

Transition for insured 502 loans            =             $b \pm 1/4 (a-b)$

Where:

a=    FY 78 funds obligated factored by FY 81 funds available.

b=    Basic formula allocation.

Minimum allocations have been established for each loan and grant category.

SECTION 502 RH LOAN AUTHORIZATIONS  
(INSURED)  
For Fiscal Year 1981  
(in millions)

State	Delinq. % Adj.	Subsidized Low Income	Other	Total
Alabama	0.0	\$ 62.6	\$ 24.0	\$ 86.6
Alaska	-4.9	9.1	4.2	13.3
Arizona	-13.0	18.3	5.9	24.2
Arkansas	-2.7	55.9	18.7	74.6
California	+2.6	66.9	21.8	88.7
Colorado	+0.6	21.5	8.3	29.8
Connecticut	+1.9	14.2	4.8	19.0
Delaware	-26.3	6.0	3.0	9.0
Florida	+8.9	62.4	18.1	80.5
Georgia	+4.6	82.2	31.6	113.8
Hawaii and Am. Samoa	+6.9	9.8	3.6	13.4
Idaho	+1.6	23.2	6.6	29.8
Illinois	-2.5	58.7	20.5	79.2
Indiana	-8.7	54.6	17.9	72.5
Iowa	+6.6	48.5	19.9	68.4
Kansas	+4.1	29.9	14.5	44.4
Kentucky	+4.5	78.5	27.7	106.2
Louisiana	+2.4	73.9	23.6	97.5
Maine	+2.8	33.3	7.9	41.2
Maryland	-5.2	24.6	9.0	33.6
Massachusetts	+3.0	23.7	6.1	29.8
Michigan	-5.5	61.6	24.5	86.1
Minnesota	+7.9	47.9	18.9	66.8
Mississippi	-0.4	74.3	24.7	99.0
Missouri	+4.4	63.7	21.7	85.4
Montana	+6.5	16.1	5.5	21.6
Nebraska	+0.9	23.5	7.8	31.3
Nevada	+2.9	6.0	3.0	9.0
New Hampshire	+8.0	14.1	6.4	20.5
New Jersey	-7.6	25.6	7.7	33.3
New Mexico	-5.2	18.2	6.6	24.8
New York	-6.7	67.9	23.1	91.0
North Carolina	+10.3	125.7	48.5	174.2
North Dakota	+10.5	17.9	5.6	23.5
Ohio	+1.4	63.1	22.9	86.0
Oklahoma	+1.7	47.7	16.1	63.8
Oregon	+1.0	36.5	10.2	46.7
Pennsylvania	-3.3	71.1	28.1	99.2
Rhode Island	+5.6	6.0	3.0	9.0

SECTION 502 RH LOAN AUTHORIZATIONS  
(INSURED)  
For Fiscal Year 1981  
(in millions)

State	Delinq. % Adj	Subsidized Low Income	Other	Total
South Carolina	+3.2	\$ 59.4	\$ 22.3	\$ 81.7
South Dakota	+0.4	19.9	6.0	25.9
Tennessee	-0.3	70.1	28.8	98.9
Texas	+1.6	94.4	34.8	129.2
Utah	-0.8	16.1	4.5	20.6
Vermont	+6.7	18.7	4.5	23.2
Virginia	-13.4	57.0	19.2	76.2
Washington	+ 2.6	25.6	9.3	34.9
West Virginia	+ 3.1	39.5	14.8	54.3
Wisconsin	- 1.2	50.7	16.3	67.0
Wyoming	+ 6.7	7.4	3.2	10.6
Guam and Trust Terr.	+ 6.1	15.6	5.3	20.9
Puerto Rico	-20.0	94.1	22.3	116.4
Virgin Islands	-19.2	6.0	3.0	9.0
Subtotal		2,219.2	776.3	2995.5
HUD-USDA Demo		10.0	0	10.0
Reserve		70.8	48.7	119.5
Total		\$ 2,300.0	\$ 825.0	\$ 3,125.0

SECTION 504 LOAN & 504 RH GRANT  
AUTHORIZATIONS FOR FY 1981

(in thousands)

State	504 RH Loans	504 RH Grants
Alabama	\$ 870	\$ 775
Alaska	100	100
Arizona	205	205
Arkansas	675	625
California	590	725
Colorado	150	200
Connecticut	100	140
Delaware	100	100
Florida	595	725
Georgia	1,075	1,015
Hawaii and Am. Samoa	155	100
Idaho	115	130
Illinois	455	685
Indiana	430	550
Iowa	310	435
Kansas	190	290
Kentucky	1,025	925
Louisiana	820	750
Maine	275	265
Maryland	210	315
Massachusetts	115	205
Michigan	545	670
Minnesota	395	500
Mississippi	1,050	885
Missouri	635	745
Montana	125	135
Nebraska	150	225
Nevada	100	100
New Hampshire	100	115
New Jersey	140	220
New Mexico	275	180
New York	435	675
North Carolina	1,235	1,195
North Dakota	120	155
Ohio	665	795
Oklahoma	360	450
Oregon	205	260
Pennsylvania	790	1,025
Rhode Island	100	100

SECTION 504 RH LOAN & 504 RH GRANT  
AUTHORIZATIONS FOR FY 1981  
(in thousands)

State	504 RH Loans	504 RH Grants
South Carolina	\$ 730	\$ 680
South Dakota	140	165
Tennessee	755	770
Texas	1,280	1,350
Utah	100	100
Vermont	100	115
Virginia	625	660
Washington	185	250
West Virginia	475	480
Wisconsin	400	535
Wyoming	100	100
Guam and Trust Terr.	370	175
Puerto Rico	1,665	1,265
Virgin Islands	100	100
Subtotal	23,010	24,435
HUD-USDA Demo	780	337
Reserve	210	228
Total	\$ 24,000	\$ 25,000

MULTIPLE FAMILY HOUSING PROGRAMS

This Attachment to this AN supercedes FmHA AN No. 461(1940) dated October 28, 1980. Rural housing loan and grant making will be continued for the fiscal year beginning October 1, 1980, in strict compliance with the following:

I. General

A. The interest rate for all rural housing loan programs for FY 1981 will be as shown in Exhibit B of FmHA Instruction 440.1.

B. Funds are allocated to each State on the basis of housing needs. The criteria considered and the formulas by which allocations were determined are outlined in Attachment D-1 to this AN. Formulas for allocations are being reviewed for improvement however, no changes have been made for FY 81. Funds available for each program are indicated in the following paragraphs and attachments.

C. Priority will be given to providing assistance to serve Districts having the greatest housing needs and to reach lower-income tenants and applicants. Each State Director was provided with information by county on population, substandard housing, and income. This information was intended to assist in identifying those Districts where increased emphasis must be placed on assisting lower-income families.

D. State Directors are to carry out balanced loan making and servicing programs. In some States more emphasis should be placed on borrower records and accounting procedures for RRR and LH loans especially where rent increases, interest credit or rental assistance is involved.

E. State Directors may not switch funds between subsidized and non-subsidized categories. Also, State Directors serving more than one State may not shift allocations between States within their jurisdiction.

F. State Directors are responsible for administering the Multiple Family Housing programs within their State in strict compliance with applicable procedures and this AN. Dockets should not be processed for any program unless funds will likely be available for the loan or grant. The National Office will maintain a small reserve of funds for the Section 515 program; therefore, the Administrator will consider requests for additional funds only on a hardship case basis. To assure that funds are utilized, all funds available but not obligated during FY 1981 will be pooled as of OOB August 7, 1981.



G. State Directors will not obligate in excess of 50 percent of their funds for Section 515 as shown in Attachment D-2 prior to March 31, 1981, without prior written approval of the National Office.

H. The Section 523 and 524 RHS programs should be used to provide subdivisions so that housing sites can be developed at lower cost for use in the Section 502 RH loan program or for self-help housing programs. With the proper use of this program a portion of the problem of acquiring housing sites could be eliminated in many areas of the U.S.

I. The Section 525 Technical Assistance program can be used to counsel with families that are having problems with their present housing loans and can be a tool to reduce delinquencies and foreclosures in the areas that have large incidents of unemployment and poverty.

J. The Section 514 and 516 Labor Housing loans and grants programs should be used in those areas of intensified agricultural production to meet the domestic farm labor housing needs. During FY 1981 each State Director should emphasize seasonal farm labor housing (projects planned for less than 6 months occupancy) and ask the District Directors to contact those public bodies and nonprofit groups that can utilize this type of housing in their areas.

## II. Section 515 RRH Loans

A. Attachment D-2 of this AN indicates the annual allocation of subsidized and nonsubsidized RRH funds for fiscal year 1981.

### B. Targeting Policy.

1. FmHA Instruction 1944-E was published on October 27, 1980. It provides authority to target RRH funds to areas having the greatest need through a priority system. However, you are authorized to honor only firm commitments on a first-come, first-served basis. A firm commitment is where an AD 622 has been issued with blocks 1A and 2A checked. After honoring these commitments the State must prioritize the other applications on hand and fund those projects having the greatest number of points. If there is more than one application in a funding area and the applications are tied in the number of points, priority will first go to public and nonprofit organizations, and then the application with the earliest submission date will be selected. As outlined in FmHA Instruction 1944-E, the selection process should occur on or around October 1 (or as soon as possible after the annual allocation is provided) and April 1.

You may authorize the processing of more applications than you may have funds so that a pipeline can be established; however, you may not exceed 150 percent of the allocation available for that particular evaluation period. Applicants may file preapplications at any time during the year, with the understanding they will be evaluated and processed under the priority system as noted above.

2. Honoring commitments on previously issued AD 622 will be for FY 81 only. For FY 82 all RRH funding will be on the priority system.

3. State Directors should be certain all steps are taken to ensure that all interested parties in the State are aware of the priority criteria and have equal opportunity to compete for these funds. The use of newspaper notices, letters to State associations, meetings with State groups and other methods should be used to fully inform the public of the priority criteria.

C. The objective of the RRH program is to provide rental housing to persons with low and moderate incomes and for senior citizens. In recent years, an extremely large percentage of RRH projects have been developed to meet the housing needs of senior citizens and very small families. Most are comprised of one- and two-bedroom units. In many areas there is also a need for family-type units which is not being met. In the past very little effort has been made to serve the housing needs of large families although market data indicated such a need. Therefore, as outlined in FmHA Instruction 1944-E, a priority will be extended to projects containing units for large families, particularly those serving very low income people. State Directors shall see that this policy is implemented.

D. Any RRH project that will receive interest credit or rental assistance from FmHA, shall be identified as a subsidized loan. This includes single track and dual track loans involving Section 8 deep subsidy when an interest reduction is given in accordance with Exhibit H to FmHA Instruction 1944-E. You should be sure that Form FmHA 444-5, "Multiple Housing Fund Analysis," is properly completed to assure correct identification of funds by type and, until the form is revised, indicate the approval date on the bottom of the form. Also, show the following at the bottom of the form for projects involving Section 8:

Number of Section 8 Units	_____
From HUD Set-Aside For FY	_____
Single Track	_____ Dual Track _____

### III. Units for the HUD Section 8 Set-Aside Program

A. We anticipate receiving a set-aside from HUD of 10,000 Section 8 units for use in FY 1981 under the single track processing. Attachment D-3 of this AN is a tentative distribution of Section 8 units by Region and State. As of the date of this AN, we have not received written approval of the distribution from HUD; therefore, it is subject to change.

B. The National Office is continuing to negotiate with HUD to obtain more flexibility in the type of units and location of projects obtaining Section 8 assistance. You should, to the extent possible, assist HUD in meeting the objective of utilizing the Section 8 program to provide more family units.

### IV. Rental Assistance (RA) Units for RRH and LH Programs

A. Requests for the obligation of rental assistance units for 5-year contracts which were submitted to the Finance Office prior to October 1, 1980, but not obligated from each State's RA allocation or from the pool of RA units were funded from the National Office FY 81 allocation. Requests for 20-year units which were in the Finance Office were funded from each State's FY 81 20-year RA allocation.

B. FmHA has been allocated 17,655 units for rental assistance for FY 1981. Attachment D-4 is the distribution of RA units for 5-year and 20-year units by State for FY 81. The distribution of RA units has been made in accordance with the same formula used in allocating Section 515 funds to the States. A National Office reserve of 6,603 5-year and 500 20-year RA units have been maintained. States that have obligated all of their 20-year units may request additional units from the National reserves only on a hardship case basis. Requests for additional 5-year RA units will be considered on a first-come, first-served basis when the State has committed all of its allocation and the requests are to serve existing units or for a hardship case.

C. A National Office reserve of 1,000 5-year RA units has been maintained for farm labor housing projects. Units to be allocated to LH projects are to be requested from the National Office reserve. If 20-year units are desired, the State must provide them from their respective allocation for this type of unit.

D. State Directors may neither switch RA units between States under their jurisdiction nor switch 5- and 20-year RA units without the written consent of the National Office. In addition, State Directors must give first priority on the use of 5-year RA units to existing projects. This need must be determined before committing the State's units so that this need can be met within the State's RA allocation.

V. SECTION 514 Labor Housing Loans

A total of \$25.6 million is available. Each State Director should use the labor housing authority to its fullest extent. Funds will not be allocated to individual States at this time, and loans within your approval authority may be submitted to the Finance Office for funding.

VI. Section 516 LH Grants

A. Grant making activities may be initiated in accordance with revised FmHA Instruction 1944-D. A total of \$28.6 million is available for LH grants nationally. State Directors should examine the need for this type of assistance within their States and utilize these funds to complement the farm areas with adequate housing for domestic farm labor. Greater emphasis should be placed on areas with seasonal labor housing needs in FY 81. County Supervisors and District Directors should be advised of this increased emphasis and requested to promote this type of assistance by contacting applicants and prospective applicants.

B. Labor housing grant funds will be divided up this FY 81 into two separate funds. These will be:

- (1) Projects planned for more than 6 months occupancy - \$18,600,000.
- (2) Projects planned for less than 6 months occupancy - \$10,000,000.

C. The National Office has authorized 50 percent of the funds from requests submitted through November 1, 1980, and will authorize the remaining grant funds from requests submitted through March 1, 1981.

D. State Directors should review each application and make a preliminary determination as to eligibility. Priority for funding shall be determined by each State Director in accordance with §1944.164(b). Attachment D-5 of this AN should be completed for each loan or grant application determined to be eligible to assist the National Office in determining the priority for funding. The completed exhibits should be submitted to the National Office along with a list showing the order in which funding is recommended prior to authorization dates indicated above. In addition, we will require those states with multiple LH grant applicants to indicate what priorities were established for evaluating the applications and the justification for your final ranking of the applications recommended. Applications meeting all applicable eligibility requirements contained in FmHA Instruction 1944-D should be submitted to assure consideration for FY 81 funding. In addition,

State Directors must indicate the ability of developing and obligating any grant funds awarded by the National Office within 120 days after receiving authority to develop the grant. Requests received after November 1, 1980, will be considered for the March 1, 1981 funding.

E. To avoid oversubscription by any one State, the National Office will reserve the right to delay authorization from a State that exceeds 10 percent of any of the two funds established in part C of this section prior to March 1, 1981.

F. Funds not obligated or set-aside in either of the two funds after considering the March 1, 1981, requests will be combined into one fund. All pending and new grant requests will be evaluated against targeting objectives and authorization until funds are exhausted.

G. When a grant allocation is authorized the State Director will be advised not to obligate the project until a complete AD-625 is secured, the applicant obtains a suitable site with the necessary public hearing and/or zoning changes completed, and the State Office architectural review of the plans and specifications is complete. If this cannot be achieved within 120 days, the National Office must be advised of the status of the project in order to retain the allocation.

H. Before telephone obligation of the project is made, the State Director will contact the Multiple Family Housing Loan Division (Tel. 447-7207), confirm that the requirements in part G of this section have been met, and that quarterly allocations are sufficient to obligate the grant.

#### VII. Section 523 TA Grants

A total of \$15 million is available for self-help TA grants nationally. You may continue processing and approving Section 523 TA grants in accordance with FmHA Instruction 1933-I. We request that State Directors ask the District Directors to contact nonprofit groups, both public and private, and discuss with them the need to provide assistance for mutual and self-help housing in rural areas and small towns. State Directors should emphasize the self-help TA Program, and encourage the submission of grant applications. This program can provide new housing at a lower cost than by contract methods and should be utilized to reduce loan costs to low-income families.

VIII. Section 523 Land Development Funds.

The Section 523 Land Development funds are established as a revolving account for the acquisition and development of land as building sites. Due to limited funding, it will be necessary for the National Office to retain complete control of all funds. This fiscal year a maximum of \$2 million is available through the revolving fund. This includes \$1 million of appropriated funds and \$1 million from anticipated sales of developed sites. Prior to loan approval, the State Director should request funding authority from the National Office.

IX. Section 524 Rural Housing Site Loans.

Due to limited funding, it will be necessary for the National Office to retain complete control of all funds. This fiscal year \$7 million has been made available. Prior to loan approval the State Director should request funding authority from the National Office.

X. Section 525 Technical Supervisory Assistance Grants.

During FY 81 \$1.5 million will be available. \$1.2 million of the Section 525 TSA funds will be limited to preoccupancy and delinquency counselling programs. \$300,000 will be made available for combined outreach and counselling programs.

State Directors should contact nonprofit groups or public bodies and solicit applications from those organizations which serve rural communities. State Directors are reminded that all potential applicants are to be advised of the State's need to serve those areas with a high delinquency rate and those areas with a concentration of low-income and low-income minority families needing housing assistance.

The term of the TSA grants is 2 years with the grant request not to exceed \$75,000 (\$37,500 per year) for counselling only programs and \$100,000 (\$50,000 per year) for combined counselling and outreach programs.

Deadline for submission of preapplications to the appropriate FmHA District Office is February 13, 1981. Only one preapplication per State will be accepted by the National Office for review and consideration for funding. Attachment D-6, "TSA Project Selection Criteria Review Sheet," of this AN is provided for use by State Directors in evaluating proposals. A completed Attachment D-6 for each preapplication reviewed is to be forwarded to the National Office. State Directors are to forward their selected preapplication to the National Office by March 13, 1981.

ALLOCATION FORMULA FOR RRH PROGRAM FUNDS  
FISCAL YEAR 1981

The following criteria identifies essential elements that are considered necessary to allocate rural rental housing Section 515 funds to various States on the basis of housing needs.

Factor A: State's percentage of national rural population.

Factor B: State's percentage of national rural population living in dwellings which lack complete plumbing and/or are crowded (substandard).

Factor C: State's percentage of national rural population below poverty level.

Factor D: Cost indicator (average cost of new dwelling and site, factored by population).

ALLOCATION FORMULA

$(A \times .30 + B \times .30 + C \times .30 + D \times .10) \times \text{funds available} = \text{State Allocation}$

SECTION 515 - RURAL RENTAL HOUSING  
FY 81 ALLOCATIONS  
(In thousands of dollars)

STATE	UNSUBSIDIZED	SUBSIDIZED	TOTAL
ALABAMA	1,360	25,295	26,655
ALASKA	150	2,785	2,935
ARIZONA	389	8,710	9,099
ARKANSAS	988	18,384	19,372
CALIFORNIA	1,336	24,851	26,187
COLORADO	345	6,417	6,762
DELAWARE	89	1,660	1,749
MARYLAND	539	10,021	10,560
FLORIDA	1,201	22,352	23,553
GEORGIA	1,897	35,294	37,191
HAWAII	121	2,253	2,374
AMERICAN SAMOA	42	777	819
GUAM, TRUST	267	4,974	5,241
IDAHO	262	4,870	5,132
ILLINOIS	1,175	21,855	23,030
INDIANA	1,054	19,601	20,655
IOWA	744	13,849	14,593
KANSAS	512	9,534	10,046
KENTUCKY	1,601	29,782	31,383
LOUISIANA	1,345	25,026	26,371
MAINE	434	8,073	8,507
MASSACHUSETTS	363	6,762	7,125
CONNECTICUT	292	5,429	5,721
RHODE ISLAND	59	1,096	1,155
MICHIGAN	1,340	24,937	26,277
MINNESOTA	914	17,004	17,918
MISSISSIPPI	1,394	25,937	27,331
MISSOURI	1,181	21,970	23,151
MONTANA	268	4,990	5,258
NEBRASKA	366	6,807	7,173
NEW JERSEY	434	8,066	8,500
NEW MEXICO	411	7,642	8,053
NEW YORK	1,266	23,561	24,827
VIRGIN ISLANDS	62	1,158	1,220
NORTH CAROLINA	2,285	42,510	44,795
NORTH DAKOTA	255	4,746	5,001
OHIO	1,574	29,285	30,859
OKLAHOMA	689	12,811	13,500
OREGON	487	9,051	9,538
PENNSYLVANIA	1,912	35,566	37,478
PUERTO RICO	2,155	20,129	22,284
SOUTH CAROLINA	1,293	24,054	25,347
SOUTH DAKOTA	290	5,395	5,685
TENNESSEE	1,394	25,930	27,324



SECTION 515 - RURAL RENTAL HOUSING  
FY 81 ALLOCATIONS  
(In thousands of dollars)

STATE	UNSUBSIDIZED	SUBSIDIZED	TOTAL
TEXAS	2,203	40,992	43,195
UTAH	162	3,008	3,170
NEVADA	74	1,376	1,450
VERMONT	210	3,903	4,113
NEW HAMPSHIRE	213	3,970	4,183
VIRGINIA	1,175	21,853	23,028
WASHINGTON	505	9,404	9,909
WEST VIRGINIA	839	15,614	16,453
WISCONSIN	963	17,912	18,875
WYOMING	121	2,244	2,365
HUD/FmHA DEMO.		10,000	10,000
NATIONAL OFFICE RESERVE	5,000	78,525	83,525
TOTAL	<u>48,000</u>	<u>870,000</u>	<u>918,000</u>

TENTATIVE SECTION 8/515 ALLOCATIONS  
FOR THE FARMERS HOME ADMINISTRATION (FmHA)  
FOR FISCAL YEAR 1981

REGION I (Boston)

Massachusetts	85
Connecticut	68
Rhode Island	14
New Hampshire	50
Vermont	49
Maine	101
	<u>367</u>

REGION II (New York)

New Jersey	101
New York	295
Puerto Rico	502
Virgin Islands	14
	<u>912</u>

REGION III (Philadelphia)

Delaware	21
Maryland	125
Pennsylvania	445
Virginia	273
West Virginia	195
	<u>1059</u>

REGION IV (Alanta)

Alabama	316
Florida	279
Georgia	441
South Carolina	301
North Carolina	530
Kentucky	372
Tennessee	324
	<u>2887</u>

REGION V (Chicago)

Illinois	273
Indiana	245
Michigan	312
Minnesota	213
Ohio	366
Wisconsin	224
	<u>1633</u>

REGION VI (Dallas)

Arkansas	230
Louisiana	313
New Mexico	96
Oklahoma	160
Texas	512
	<u>1311</u>

REGION VII (Kansas City)

Iowa	173
Kansas	119
Missouri	275
Nebraska	85
	<u>652</u>

REGION VIII (Denver)

Colorado	80
Montana	62
North Dakota	59
South Dakota	67
Utah	38
Wyoming	28
	<u>334</u>

REGION IX (San Francisco)

Arizona	90
California	311
Hawaii and Samoa	38
Guam and Trust Terr.	62
Nevada	17
	<u>518</u>

REGION X (Seattle)

Idaho	61
Alaska	35
Oregon	113
Washington	118
	<u>327</u>

RENTAL ASSISTANCE (RA) UNIT ALLOCATION  
FOR FY 1981

STATE	FIVE-YEAR UNITS	TWENTY YEAR UNITS
ALABAMA	196	138
ALASKA	22	15
ARIZONA	56	39
ARKANSAS	142	100
CALIFORNIA	193	135
COLORADO	50	35
DELAWARE	13	9
MARYLAND	78	55
FLORIDA	173	122
GEORGIA	274	192
HAWAII	17	12
AMERICAN SAMOA	6	4
GUAM, TRUST TERR.	39	27
IDAHO	38	26
ILLINOIS	169	119
INDIANA	152	107
IOWA	107	75
KANSAS	74	52
KENTUCKY	231	162
LOUISIANA	194	136
MAINE	63	44
MASSACHUSETTS	52	37
CONNECTICUT	42	30
RHODE ISLAND	8	6
MICHIGAN	193	136
MINNESOTA	132	93
MISSISSIPPI	201	141
MISSOURI	170	120
MONTANA	39	27
NEBRASKA	53	37
NEW JERSEY	63	44
NEW MEXICO	59	42
NEW YORK	183	128
VIRGIN ISLANDS	9	6
NORTH CAROLINA	330	231
NORTH DAKOTA	37	26
OHIO	227	159
OKLAHOMA	99	70
OREGON	70	49
PENNSYLVANIA	276	193
PURTO RICO	309	218

STATE	FIVE YEAR UNITS	TWENTY YEAR UNITS
SOUTH CAROLINA	186	131
SOUTH DAKOTA	42	29
TENNESSEE	201	141
TEXAS	318	223
UTAH	23	16
NEVADA	11	8
VERMONT	30	21
NEW HAMPSHIRE	31	22
VIRGINIA	169	119
WASHINGTON	73	51
WEST VIRGINIA	121	85
WISCONSIN	139	97
WYOMING	17	12
USED FOR FY 80		
BACKLOG	1,893	0
LH RESERVE	1,000	0
NATIONAL OFFICE		
RESERVE	3,710	500
TOTAL	<u>12,803</u>	<u>4,852</u>

TO BE COMPLETED FOR ALL  
LH APPLICANTS DETERMINED ELIGIBLE

State: \_\_\_\_\_ Date application received: \_\_\_\_\_

Name of Applicant: \_\_\_\_\_ Type of applicant: \_\_\_\_\_

County or Area to be served: \_\_\_\_\_

Amount of loan requested \$ \_\_\_\_\_ % of total \_\_\_\_\_

Amount of grant requested \$ \_\_\_\_\_ % of total \_\_\_\_\_

Amount Loan Recommended by S/O \$ \_\_\_\_\_ % of total \_\_\_\_\_

Amount of Grant recommended by S/O \$ \_\_\_\_\_ % of total \_\_\_\_\_

Total No. of units to be built: \_\_\_\_\_ Cost per unit: \_\_\_\_\_

Estimated rental rates: \_\_\_\_\_

Comparable rents in the area: \_\_\_\_\_

Number of months the project will be occupied: \_\_\_\_\_

Estimated No. of farmworkers in the area: \_\_\_\_\_

Income level of farmworkers in the area: \_\_\_\_\_

If authorized can this proposal be developed in 120 days? \_\_\_\_\_

What priority do you place on this project compared to others previously submitted and not yet authorized? \_\_\_\_\_

Comments regarding condition and availability of labor housing in the area:

Comments and documentation regarding long-term need for the proposed project:

Comments regarding management experience of the applicant:

Does this applicant have an LH loan or grant that is obligated but not closed? If yes, indicate status on the reverse of this sheet.

Other comments and S/O recommendations:

Note: If proposal involves rehabilitation of existing units, provide a general description of the rehabilitation planned along with an estimated cost breakdown.

TSA PROJECT SELECTION CRITERIA REVIEW SHEET

STATE: \_\_\_\_\_ APPLICANT: \_\_\_\_\_ REVIEWER: \_\_\_\_\_ SCORE: \_\_\_\_\_

TYPE OF PROPOSAL: COUNSELING \_\_\_\_\_ COMBINED \_\_\_\_\_ WILL APPLICANT ACCEPT COUNSELING ONLY? YES/NO

GRANT REQUEST: \$ \_\_\_\_\_ APPLICANT IS: \_\_\_\_\_ PUBLIC BODY; \_\_\_\_\_ PRIVATE NONPROFIT

Eligibility Criteria:

- (1) Will the project provide a program of supervisory assistance as defined in 1944.506(h). and YES \_\_\_\_\_ NO \_\_\_\_\_
- (2) Serve areas with a concentration of sub-standard housing and low-income and low-income minority households? YES \_\_\_\_\_ NO \_\_\_\_\_

Selection Criteria:

Circle One\*

- (1) The extent to which the project serves areas with concentrations of FHA single family housing loan borrowers who are delinquent in their housing loan payments and/or threatened with foreclosure. 1 2 3 4 5
- (2) The capability and past performance demonstrated by the applicant in administering its programs. 1 2 3 4 5
- (3) The effectiveness of the current efforts by the applicant to assist low-income families in obtaining adequate housing. 1 2 3 4 5
- (4) The extent to which the project will provide or increase the delivery of housing resources to low-income and low-income minority families in the area who are not currently occupying adequate housing. 1 2 3 4 5
- (5) The services the applicant will provide that are not presently available to assist low-income families in obtaining or maintaining occupancy of adequate housing and the extent of duplication of technical and supervisory assistance activities currently provided for low-income families. 1 2 3 4 5
- (6) The extent of citizen and local government participation and involvement in the development of the preapplication and project. 1 2 3 4 5
- (7) The extent of planned coordination with other Federal, State or local technical and/or supervisory assistance programs. 1 2 3 4 5
- (8) The extent to which the project will make use of other financial and contributions-in-kind resources for both technical and supervisory assistance and housing development & supporting facilities. 1 2 3 4 5
- (9) The extent to which the project will be cost effective, including but not limited to the ratio of personnel to be hired by the applicant to the cost of the project, the cost, both direct and indirect, per person benefiting from the project, and the expected benefits to low-income families from the project. 1 2 3 4 5
- (10) The extent to which the proposed staff and salary ranges, including qualifications, experience, proposed hiring schedule and availability of any prospective employees, will meet the objectives of the proposed TSA program. 1 2 3 4 5
- (11) The anticipated capacity of the applicant to implement the proposed time schedule for starting and completing the TSA program and each phase thereof. 1 2 3 4 5
- (12) The adequacy of the records and practices, including personnel procedures and practices that will be established and maintained by the applicant during the term of the agreement. 1 2 3 4 5

SCORE TOTAL \_\_\_\_\_

Sponsored Applicant: Yes No (Circle)

\*Refer to scoring plan on reverse.

Farmer Programs

Based upon the Appropriation Act for fiscal year 1981, Farmer Program loan levels are as follows:

(Dollars in Thousands)

<u>Program</u>	<u>Total</u>	<u>QUARTERS</u>			
		<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
OL Insured	\$850,000	\$200,000	\$425,000	\$175,000	\$ 50,000
OL Guaranteed	25,000	25,000	0	0	0
FO Insured	870,000	330,000	210,000	210,000	120,000
FO Guaranteed	50,000	20,000	15,000	15,000	0
SW Insured	47,100	19,000	13,000	10,000	5,100
SW Guaranteed	6,000	2,000	2,000	1,000	1,000
Recreation	2,400	1,000	1,000	400	0
Grazing	4,800	4,800	0	0	0
Indian Land Acq.	11,900	5,500	3,400	2,000	1,000
Irr. & Drainage	7,400	4,400	3,000	0	0

(Loan funds cannot be transferred between insured and guaranteed.)

State allocations are based on factors which reflect the needs for credit in the State. The factors include:

- Number of Farms
- Number of Small Farms
- Farm Tenancy
- Farm Population
- Net Farm Income
- Participation Credit (FO loan allocations)

Control of Funds

The quarterly State allocations for insured and guaranteed OL and FO loans are attached. State Directors are responsible for developing fund controls, utilizing loan funds in accordance with their State Management Plans and maintaining a reserve for hardship cases. FO and OL insured and guaranteed loans will not be approved in excess of each quarterly allocation. States will not

request insured funds from the National Office reserve until all insured funds allocated to the State for the quarter have been obligated. The Finance Office will continue to control State fund obligations on a quarterly basis.

In order that States maintain adequate control and an accurate records of fund allocations all obligating documents for FO and OL loans will be routed through the State Office before forwarding to the Finance Office. Farmer Program staffs will be expected to maintain a current record of all loans obligated in the State.

Twenty-five (25) percent of each State's OL and 25 percent of each State's FO allocation will be used for limited resource loans (compute 25 percent of total allocation including guaranteed loans). This percentage may not be exceeded without prior approval of the National Office. All States are expected to meet their limited resource goal on a quarterly basis in both the OL and FO loan programs.

The guaranteed loan amounts cannot be exceeded and guaranteed loan funds cannot be utilized for insured loans. In the past some States have not participated in the guaranteed loan programs. All State Directors will be expected to develop a guaranteed loan program in each District in their State(s) in FY 1981. We are establishing a goal to make at least one guaranteed EE, FO or OL loan in each District during FY 1981.

We plan to continuously monitor State program administration through data analysis, assessment team visits, program reviews and through discussions with State personnel. The reallocation of funds will be considered, as necessary, to accomplish overall program objectives and to make full use of the guaranteed and limited resource programs.

We expect to pool unobligated OL and FO funds approximately August 14, 1981; therefore, we suggest that States plan to pool funds prior to August, if necessary.

#### PRIORITIES ON LOAN FUNDING

Major emphasis will be given to assisting beginning and young farmers, minorities, women, limited resource and low-income farm families. Continuous emphasis is to be given in assisting farmers in applying energy efficient measures on farms and establishing feasible energy producing facilities. Biomass Energy (BE) loans should be utilized where possible to conserve OL and FO funds.

States with Small Farm Assistance Projects (SFAP) will need to consider FO and OL funding needs for these projects during the 1981 fiscal year.

#### FARM OPERATING LOANS

The obligational authority for operating loans in FY 81 is the same as for FY 80 - \$850 million for insured and \$25 million for guaranteed loans.

It is essential that all loan approval officials thoroughly analyze loans to assure that only those applicants who meet the requirements receive the limited resource funds available.



A National Office reserve of \$25 million insured OL funds has been established to assist States with extreme hardship cases when their quarterly allotments are exhausted. To receive funds from the reserve it must be established that the applicants will definitely not be able to farm without the FmHA loan. States are responsible for assuring that sufficient insured OL funds are available to meet subsequent loan needs. AN OL guaranteed loan reserve is not being established. States will be authorized to exceed their guaranteed loan allocation at the expense of States who fail to use their guaranteed loan fund allocation.

Strong emphasis must be given to initial and subsequent operating loan applicants obtaining a portion of their credit from other sources, especially annual operating expenses. The goal is to obtain participation credit in an amount at least 50 percent of the OL funds used. The use of emergency loan authorizations and operating loan subordinations of chattel security will be used to the fullest extent possible to assist borrowers in this effort. Refinancing will be done only when other arrangements cannot be made and when inclusion of depreciation and interest in the loan will not enable the applicant to continue operating. Without the full implementation of this policy there will be a substantial reduction in the number of applicants assisted. The amount of available funds is the same as last year and we fully expect the average loan size to increase again this year, following a long established trend.

#### FARM OWNERSHIP LOANS

Insured and guaranteed farm ownership loans may be obligated in accordance with the quarterly allocations indicated.

State Directors are responsible to maintain a reserve for hardship cases as well as funds targeted in State Management Plans. A National Office reserve of \$10 million for insured loans and \$6 million for guaranteed loans has been established. Hardship loan funds will be requested only when the applicant will be unable to farm without the loan and provided all the States' quarterly allocations have been used. Guaranteed loan funds may be requested from the National Office when a State has obligated its allocation.

Continued emphasis will be placed on participation with other lenders and with other FmHA loan programs in developing insured loans. Our goal is that each State obtain at least one dollar of other lender's funds for each dollar of FO funds obligated.

#### SOIL AND WATER AND RECREATION LOANS

SW and RL funds are not allocated on a State basis. Obligor documents may be submitted to the Finance Office as loans are approved. Priority will be given to making guaranteed SW loans rather than insured SW. SW loan authority will be used whenever such use will conserve FO funds.

#### IRRIGATION AND DRAINAGE ASSOCIATION LOANS, GRAZING ASSOCIATIONS AND INDIAN LAND ACQUISITION LOANS

Control of funds for Irrigation and Drainage, Grazing Associations and Indian Land Acquisition loans is retained in the National Office and will be allocated on an individual case basis. Funds for these loan types may be requested when

it is determined the loan can be approved.

#### EMERGENCY AND ECONOMIC EMERGENCY LOANS

State allocations for EM loans will not be made. Public Law 96-220 extended the economic emergency (EE) program to September 30, 1981, and increased the amount of loan principal that can be outstanding from \$4 billion to \$6 billion. The heavy use of EE loan funds during FY 80 has caused the need for allocation in order to achieve some equity between States in the use of the remaining balance of appropriated funds and anticipated income. The quarterly allocation of EE funds is attached.

At the present time \$1.2 billion is available to be loaned during FY 81 without exceeding the \$6 billion limitation. The allocation is based on each States historical use of EE loan funds with adjustment for counties designated as natural disaster areas. Seventy-five percent of the allocation is on historical use and 25 percent is related to EM designations; i.e., a State with all counties designated as disaster areas will receive an allocation equal to only 75 percent of the States percentage of all States historical use for the years 1978, 1979 and 1980. A State with no counties designated as disaster areas will have an allocation equal to 75 percent of all States historical use plus an amount related to their percentage of all counties in the United States not designated. In addition, some adjustment has been made to the States of Alaska, Connecticut, Massachusetts, Nevada, New Hampshire, New Jersey, Rhode Island, Utah, Wyoming and Puerto Rico due to the fact that the very small percentage of counties designated for EM loans in these States causes the allocation formula to allocate excessive EE funds to those States.

O P E R A T I N G   L O A N   A L L O C A T I O N  
FY 1981  
(000)

STATE	* * * * * * *	* * * * * * *	* * * * * * *	* * * * * * *	* * * * * * *	* * * * * * *	* * * * * * *
	TOTAL	FIRST QUAR	QUARTER INS	SECOND QTR	THIRD QTR	FOURTH QTR	
ALABAMA	20000	590	3612	13944	1647	207	
ALASKA	300	30	65	133	72	0	
ARIZONA	4100	120	870	2098	872	140	
ARKANSAS	23000	680	3671	15073	3012	564	
CALIFORNIA	12000	350	2278	5964	2649	759	
COLORADO	9000	260	1464	5151	2125	0	
CONNECTICUT	1850	50	472	472	641	215	
DELAWARE	1200	40	222	557	312	69	
FLORIDA	13100	390	3917	6367	491	1935	
GEORGIA	30000	880	11489	16948	683	0	
HAWAII	700	30	157	267	94	152	
IDAHO	19900	590	4112	9791	4644	763	
ILLINOIS	28000	820	5138	13978	6904	1160	
INDIANA	21000	620	3157	9585	6556	1082	
IOWA	37300	1100	8060	18387	8138	1615	
KANSAS	23000	680	4421	10091	6163	1645	
KENTUCKY	23000	680	5076	9049	5558	2637	
LOUISIANA	37000	1090	7172	25272	3466	0	
MAINE	11500	340	1601	2897	6205	457	
MARYLAND	5300	160	947	2231	1529	433	
MASSACHUSETTS	2600	80	406	677	764	673	
MICHIGAN	20600	610	4228	7295	6680	1787	
MINNESOTA	31300	920	5922	13582	9142	1734	
MISSISSIPPI	29900	880	4824	17158	5767	1271	
MISSOURI	34000	1000	6007	18511	7649	833	
MONTANA	9500	280	1931	5210	2061	18	
NEBRASKA	23000	680	3294	13230	5796	0	
NEVADA	1000	30	135	579	249	7	
NEW HAMPSHIRE	1250	40	338	330	306	236	
NEW JERSEY	4300	130	690	2284	1139	57	
NEW MEXICO	5900	170	1032	3655	939	104	
NEW YORK	19900	590	4625	5829	5957	2899	
NORTH CAROLINA	40000	1180	16952	18557	1963	1348	
NORTH DAKOTA	22800	670	4799	9903	6554	874	
OHIO	12500	370	2328	4133	4558	1111	
OKLAHOMA	28000	820	7339	11279	4888	3674	
OREGON	9000	260	2386	4501	1600	253	
PENNSYLVANIA	19800	580	4007	6085	6551	2577	
PUERTO RICO	6000	180	1279	1853	1621	1067	
RHODE ISLAND	450	30	50	253	117	0	
SOUTH CAROLINA	17000	500	3802	11419	928	351	
SOUTH DAKOTA	24500	720	5368	11055	5972	1385	
TENNESSEE	20000	590	3432	10728	4199	1051	
TEXAS	70000	1950	18105	39924	5179	4842	
UTAH	4500	130	1174	1962	993	241	
VERMONT	4750	140	1161	1226	1460	763	
VIRGINIA	14000	410	2950	6733	3225	682	
VIRGIN ISLANDS	200	30	51	16	96	7	
WASHINGTON	10000	290	1968	5682	1785	275	
WEST VIRGINIA	6500	190	1656	2259	1602	793	
WISCONSIN	30500	900	8067	10350	7499	3684	
WYOMING	5000	150	1264	2927	659	0	
RESERVE	25000		10529	7560	4910	2001	
UNITED STATES	875000	25000	200000	425000	175000	50000	

FARM OWNERSHIP ALLOCATION  
FY 1981  
INSURED  
(000)

STATE	* TOTAL *	FIRST QTR	* SECOND QTR *	* THIRD QTR *	* FOURTH QTR *
ALABAMA	18300	6936	4415	4415	2534
ALASKA	1900	720	458	458	264
ARIZONA	6600	2501	1592	1592	915
ARKANSAS	24500	9287	5911	5911	3391
CALIFORNIA	12500	4738	3015	3015	1732
COLORADO	12800	4852	3088	3088	1772
CONNECTICUT	2300	871	554	554	321
DELAWARE	3000	1137	723	723	417
FLORIDA	10100	3828	2436	2436	1400
GEORGIA	19200	7278	4632	4632	2658
HAWAII	3000	1137	723	723	417
IDAHO	21000	7960	5066	5066	2908
ILLINOIS	33500	12698	8082	8082	4638
INDIANA	23200	8794	5597	5597	3212
ICWA	39500	14972	9530	9530	5468
KANSAS	32800	12433	7913	7913	4541
KENTUCKY	27200	10310	6562	6562	3766
LOUISIANA	14300	5420	3450	3450	1980
MAINE	8600	3259	2074	2074	1193
MARYLAND	7400	2805	1785	1785	1025
MASSACHUSETTS	4900	1857	1182	1182	679
MICHIGAN	18800	7126	4535	4535	2604
MINNESOTA	34000	12888	8203	8203	4706
MISSISSIPPI	23600	8945	5694	5694	3267
MISSOURI	39500	14972	9530	9530	5468
MONTANA	14000	5306	3377	3377	1940
NEBRASKA	32200	12205	7769	7769	4457
NEVADA	2200	833	530	530	307
NEW HAMPSHIRE	1800	682	434	434	250
NEW JERSEY	4000	1516	965	965	554
NEW MEXICO	8100	3070	1954	1954	1122
NEW YORK	16100	6102	3884	3884	2230
NORTH CAROLINA	26000	9855	6273	6273	3599
NORTH DAKOTA	29500	11182	7117	7117	4084
OHIO	18200	6898	4391	4391	2520
OKLAHOMA	34000	12888	8203	8203	4706
OREGON	11200	4245	2702	2702	1551
PENNSYLVANIA	14800	5610	3570	3570	2050
PUERTO RICO	10200	3866	2461	2461	1412
RHODE ISLAND	1100	416	265	265	154
SOUTH CAROLINA	13000	4927	3136	3136	1801
SOUTH DAKOTA	30000	11371	7238	7238	4153
TENNESSEE	23800	9021	5742	5742	3295
TEXAS	39000	14783	9409	9409	5399
UTAH	6600	2501	1592	1592	915
VERMONT	7500	2842	1809	1809	1040
VIRGINIA	13500	5117	3257	3257	1869
VIRGIN ISLANDS	400	151	96	96	57
WASHINGTON	12900	4889	3112	3112	1787
WEST VIRGINIA	7600	2880	1833	1833	1054
WISCONSIN	32500	12319	7841	7841	4499
WYOMING	7000	2653	1688	1688	971
W. PACIFIC TERR.	300	120	75	75	30
RESERVE	10000	4028	2527	2527	918
UNITED STATES	870000	330000	210000	210000	120000

FARM OWNERSHIP ALLOCATION  
FY 1981

GUARANTEED  
(000)

STATE	* * TOTAL *	* * FIRST * QTR *	* * SECOND * QTR *	* * THIRD * QTR *	* * FOURTH * QTR *
ALABAMA	600	231	184	185	0
ALASKA	300	115	92	93	0
ARIZONA	300	115	92	93	0
ARKANSAS	1400	539	430	431	0
CALIFORNIA	300	115	92	93	0
COLORADO	600	231	184	185	0
CONNECTICUT	600	231	184	185	0
DELAWARE	300	115	92	93	0
FLORIDA	600	231	184	185	0
GEORGIA	600	231	184	185	0
HAWAII	600	231	184	185	0
IDAHO	300	115	92	93	0
ILLINOIS	3000	1156	921	923	0
INDIANA	600	231	184	185	0
IOWA	300	115	92	93	0
KANSAS	300	115	92	93	0
KENTUCKY	600	231	184	185	0
LOUISIANA	1700	655	522	523	0
MAINE	300	115	92	93	0
MARYLAND	600	231	184	185	0
MASSACHUSETTS	600	231	184	185	0
MICHIGAN	2000	771	614	615	0
MINNESOTA	1800	694	552	554	0
MISSISSIPPI	900	347	276	277	0
MISSOURI	2800	1079	860	861	0
MONTANA	300	115	92	93	0
NEBRASKA	1800	694	552	554	0
NEVADA	300	115	92	93	0
NEW HAMPSHIRE	300	115	92	93	0
NEW JERSEY	600	231	184	185	0
NEW MEXICO	600	231	184	185	0
NEW YORK	900	347	276	277	0
NORTH CAROLINA	2000	771	614	615	0
NORTH DAKOTA	2600	1002	798	800	0
OHIO	600	231	184	185	0
OKLAHOMA	1200	462	368	370	0
OREGON	600	231	184	185	0
PENNSYLVANIA	600	231	184	185	0
PUERTO RICO	300	115	92	93	0
RHODE ISLAND	300	115	92	93	0
SOUTH CAROLINA	600	231	184	185	0
SOUTH DAKOTA	1800	694	552	554	0
TENNESSEE	300	115	92	93	0
TEXAS	300	115	92	93	0
UTAH	300	115	92	93	0
VERMONT	600	231	184	185	0
VIRGINIA	300	115	92	93	0
VIRGIN ISLANDS	300	115	92	93	0
WASHINGTON	300	115	92	93	0
WEST VIRGINIA	600	231	184	185	0
WISCONSIN	3000	1156	921	923	0
WYOMING	300	115	92	93	0
W. PACIFIC TERR.	300	150	75	75	0
RESERVE	6000	3025	1517	1458	0
UNITED STATES	50000	20000	15000	15000	0

ECONOMIC EMERGENCY ALLOCATION  
FY 1981  
(000)

STATE	* * TOTAL *	* * *	FIRST QTR	* * SECOND * QTR	* * THIRD * QTR	* * FOURTH * QTR	* *
ALABAMA	9530		2575	5151	1804	0	
ALASKA	0		0	0	0	0	
ARIZONA	8624		2330	4661	1633	0	
ARKANSAS	33050		8932	17864	6254	0	
CALIFORNIA	27704		7487	14975	5242	0	
COLORADO	26105		7055	14110	4940	0	
CONNECTICUT	2346		634	1268	444	0	
DELAWARE	1086		293	587	206	0	
FLORIDA	19989		5402	10804	3783	0	
GEORGIA	31468		8504	17009	5955	0	
HAWAII	519		140	280	99	0	
IDAHO	45099		12188	24377	8534	0	
ILLINOIS	38873		10506	21012	7355	0	
INDIANA	46478		12561	25123	8794	0	
IOWA	54254		14663	29326	10265	0	
KANSAS	28730		7764	15529	5437	0	
KENTUCKY	26609		7191	14383	5035	0	
LOUISIANA	22962		6205	12411	4346	0	
MAINE	6113		1652	3304	1157	0	
MARYLAND	13606		3677	7354	2575	0	
MASSACHUSETTS	2184		590	1180	414	0	
MICHIGAN	32936		8901	17803	6232	0	
MINNESOTA	47156		12744	25489	8923	0	
MISSISSIPPI	17134		4630	9261	3243	0	
MISSOURI	35081		9481	18962	6638	0	
MONTANA	18845		5093	10186	3563	0	
NEBRASKA	50083		13535	27071	9477	0	
NEVADA	3059		826	1653	580	0	
NEW HAMPSHIRE	241		65	130	46	0	
NEW JERSEY	1091		294	589	208	0	
NEW MEXICO	19469		5261	10523	3685	0	
NEW YORK	38574		10425	20850	7299	0	
NORTH CAROLINA	35200		9513	19027	6660	0	
NORTH DAKOTA	24861		6719	13438	4704	0	
OHIO	19184		5184	10369	3631	0	
OKLAHOMA	50385		13617	27235	9533	0	
OREGON	20225		5466	10932	3827	0	
PENNSYLVANIA	21484		5806	11612	4066	0	
PUERTO RICO	5833		1576	3152	1105	0	
RHODE ISLAND	172		46	92	34	0	
SOUTH CAROLINA	7084		1914	3829	1341	0	
SOUTH DAKOTA	39567		10693	21387	7487	0	
TENNESSEE	24985		6752	13505	4728	0	
TEXAS	37918		10248	20496	7174	0	
UTAH	4312		1165	2330	817	0	
VERMONT	3139		848	1696	595	0	
VIRGINIA	13216		3571	7143	2502	0	
VIRGIN ISLANDS	0		0	0	0	0	
WASHINGTON	21214		5733	11467	4014	0	
WEST VIRGINIA	7538		2037	4074	1427	0	
WISCONSIN	48599		13134	26269	9196	0	
WYOMING	6086		1644	3289	1153	0	
RESERVE	100000		27054	54082	18864	0	
UNITED STATES	1200000		324324	648649	227027	0	

Biomass Energy

Allocations of insured funds are being made to each State based on the following:

Basis of Allocations

1. The total amount available to the Department of Agriculture is \$525 million for the Biomass Energy and Alcohol Fuels Program and will be utilized as follows:  
  
\$390 million guarantee authority  
  
\$125 million insured loans  
  
\$4.25 million administrative costs - FmHA  
  
\$5.75 million administrative costs - Department of Agriculture  
  
\$525 million Total
2. An insured loan may not exceed \$1 million and may be used for small-scale plants only (1 million gallons or less ethanol or its energy equivalent per year capacity).
3. Guarantee authority may be used to finance both small-scale and intermediate size (up to 15 million gal./yr.) Larger projects may be eligible if wood is used as feedstock or if owned by a farmer cooperative.
4. No more than \$150 million of the total available nationally may be used for small-scale plants.
5. A recent amendment to the Energy Security Act would permit leveraging of the guaranteed authority on a three-to-one basis. At this time, however, the method and level of implementation is still under review at the policy levels within the Department. We will provide additional guidance to you in the near future.
6. A flat allocation to all States is being made because we have not yet been able to develop an allocation formula which might be based on need, available resources for feedstocks and fuel, or the demand for biomass energy projects. Funds allocated may be used for either insured or guaranteed loans within the State Director's approval authority.

### Allocations

Two million dollars is allocated to each State and Puerto Rico with the balance retained in the National Office reserve. The State Directors for New York and Hawaii should contact the Biomass Energy Division in the National Office for guidance and additional funds if applications are received from the islands under their respective jurisdictions.

### Priorities

Section 1990.5 (a) of the regulations outlines priority considerations with regard to primary fuel, feedstocks, and technology.

1. Projects which use fuel other than petroleum or natural gas are encouraged. Those which will use oil or natural gas require prior concurrence of the National Office before approval.

2. New technologies which will expand the possible feedstocks, produce new forms of biomass energy or different biomass fuels receive priority. Examples of alternate feedstocks include fruits, sugar cane or cellulosic material. Other fuels to be considered are wood, hog fuel, and agricultural residue such as rice hulls, corn stover, and cotton gin trash.

3. You should take advantage of the application receipt dates to make comparative evaluations of guaranteed loan applications. The National Office, in making comparative evaluations, will consider strongly the items mentioned above with a goal of funding projects using a wide range of feedstocks, fuels, and technologies. We will also be looking for biomass energy projects other than alcohol production such as direct burning of biomass, methane gas production, and biogas utilization. This will enable us to build a portfolio of loans, the majority of which fall into a range of \$1 to \$10 million.

4. Plant location with regard to feedstocks, fuels, markets, and the proximity to similar plants must also be considered.



## SCORING PLAN

## TSA PREAPPLICATION REVIEW

The ranking of the TSA proposals will be accomplished through the rating of each preapplication on the basis of the project selection criteria contained in the instructions. Each criteria has a range from one to five and, in order for the review to have some consistency in their ratings, the following interpretation of this range should be used:

<u>VALUE</u>	<u>DESCRIPTIVE STATEMENT</u>
0 (no score)	Not addressed in preapplication or supporting documents.
1	Addressed, but totally deficient.
2	Deficient, but appears to be able to be improved to adequate or better without adopting new approach.
3	Adequate, overall it meets the intent of the program.
4	Good, with some superior features.
5	Generally superior in most features.